

DIARY NOTES

Executive Director-Comptroller *EMW*

15 December 1965

25X1 1. Jack Earman talked with me about the procurement survey which they are about to undertake. He wondered whether we should touch base with the Air Force before looking into the procurement procedures [REDACTED] After talking with Bud Wheelon I decided that we should not do so. We also discussed the scope of the program and whether operational procurement should be included. I told Jack that I thought he would have to decide this as he goes along. There might be some areas with which he is completely satisfied or some which are too sensitive to be studied. I gather that Jack's concern resulted from a little pushing by [REDACTED] about just what we expect them to do. I told Jack that I thought it was not possible to be very precise about this and that they should try to negotiate a "level-of-effort" contract with [REDACTED] Experience alone can tell us whether we want them to do more or less. We won't be over-committed with a level of effort of two and one-half people for four months. In this connection, however, I learned that they have not yet discussed price with [REDACTED] I emphasized to Jack that this is certainly a prime factor we must consider and that he should start talking price with [REDACTED] before he goes too much further.

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2. Larry Houston was in to discuss several items.

a. Larry talked with me about a problem we have in complying with Executive Order 11222, which prescribes standards of ethical conduct for Government officers and employees. This Executive Order would require us to publish our regulations on ethics in the Federal Register, which we cannot do. I undertook to talk with John Macy about this.

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c. Larry also discussed with me a proposition which DD/P had put to him as a member of the [REDACTED] Investment Committee. Specifically, DD/P says that they have a few career agents who, because of being in and out of the country under unusual circumstances, are unable to borrow money from a regular lending institution to buy a house. DD/P proposed that [REDACTED] loan these agents money to buy a house. I said that I had the greatest reservations about this as a matter of principle and would need a very convincing argument. In the first place, I believe that you do not need a long-established credit record to borrow money to buy a house since you can get a 75 percent or 80 percent loan secured only by the real estate. In addition, I have serious reservations about loaning appropriated money for this purpose. Larry agreed with my reaction and said he would take this line with the DD/P.

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3. The Director, John Clarke, [REDACTED] and I met with Charlie Schultze and his staff to talk about the Fiscal Year 1967 budget. The Director made a very forceful, general presentation, his theme being that CIA is part of the war effort and that they must realize it is as necessary for us to have more money and more people as it is for the military. He made very strong arguments against reductions. I think the water was fairly cold but do believe they will restore a few million dollars of their previously proposed cut.

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